Getting to the Heart of the Matter: A Hedonic Reason for Home Purchases

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Abstract
The purpose of this paper was to identify factors influencing consumers’ home choice from the consumer’s perspective. Fourteen respondents were interviewed before and immediately after placing an offer on a home or attending an auction. The interview process followed that of the Zaltman Metaphor Elicitation Method (ZMET). One of the deep-seated reasons for consumer home choice uncovered from this study is that of autobiographical memories. That is, the reasons why people bought the homes they did was an emotional connection between the property attribute and their past.

Keywords - Consumer choice, real estate, ZMET
Introduction
Real estate agents are often trained to begin sales encounters by qualifying the client with questions about budget constraints, number of bedrooms, location and other utilitarian attributes. Yet, agents often observe that homebuyers end up choosing a house that does not fulfill their criteria. This phenomenon has left many real estate marketers perplexed and frustrated. To understand the disparity between the features consumers list as representing their ideal home and the home that they actually buy, researchers need to examine more closely the factors influencing consumers’ home choice behaviour.

Background and Rationale for the Study
Past home choice research has been “theoretically underpinned by the rational man construct” (Diaz III, 1999, p.327), based on the assumption that home choices are always preceded by lengthy decision making and an intense information search stage. A literature review revealed an overwhelming focus on the tangible factors influencing housing choice and a dearth of research looking at less tangible factors. Researchers in finance and economics for instance, have predominantly been interested in the relationship between house prices and the physical attributes of a house whereas property studies in architecture and geography have looked into the impact of environmental attributes on house prices. Home purchases are thought to be based on careful consideration of utility value such as size of land, size of property, location and neighbourhood (Baryla et al., 2000, Bates and Kane, 2003, Black et al., 2003, Crews and Dyhrberg, 2004, Jameson, 2004).

Many scholars have examined single variables as the source of information search and evaluation of alternatives. Rodriguez and Sirmans (1994) for example, considered the impact of a good view on property price. Their study concluded that “a good view adds about 8% to the value of a single-family house” (Rodriguez and Sirmans, 1994, p. 601). Other single variables that have been investigated include house numbers (Bourassa and Peng, 1999), floor numbers (Chau et al., 2001), water views (Benson et al., 1996), landscaping (Des Rosiers et al., 2002), location (Frew and Wilson, 2002) and house prices (Black and Diaz, 1996). The aforementioned studies concentrated on investigating the impact of one motivational factor on another real estate variable (usually house prices). The present study will extend this research by exploring multiple factors from the consumer’s perspective. Past studies have also tended to focus on utilitarian factors motivating home choice. This focus may have led to important non-utilitarian attributes being missed from the study. Furthermore, focusing on specific pre-identified attributes may not capture factors that are important to consumers. In addition, economic motivations cannot explain how consumers differentiate between properties with very similar economic criteria (similar price range, similar size and age, same location etc). How do consumers, after examining a series of similar alternatives using their criteria of selection, arrive at a conclusion as to which to buy? Why did they buy what they bought? Why this house and not another?

A handful of studies have touched on the notion that house purchases can be driven by emotional motives. One such example is a recent study by Findsen (2005) who investigated the decision making processes of first homebuyers in New Zealand. Although the research concluded that choice in home ownership involved many stages of separate purchase decisions, there was also an evocation that some respondents were flexible in their search methods and impulsive in the choices they made. The paper alluded to the possibility of the respondents experiencing an emotional “This is it!” moment that warrants further investigation.
The predominant focus on physical and tangible attributes within real estate research and the assumption that people apply a logical decision calculus in the effort to maximise utility has been questioned. Clapham (2002) noted that real estate researchers “have assumed that homebuyers are always rational and instrumental in their approach to housing decisions and that there is little empirical work to investigate and attempt to understand how different households perceive and react to the housing context facing them” (Clapham, 2002, p. 59). Bramley et al suggest that even the most plausible economic models have a propensity to be, “not so precisely fitting or consistent” (p.207) as to answer all the relevant questions. They recognise that what “the models fail to explain may be what other research approaches can begin to illuminate” (p. 208). Today, property researchers are encouraged to seek answers to critical questions such as, “what motivates people to be at this space rather than at other spaces and why do people choose to live where they do” (Roulac, 2002, p. 14); to consider all aspects of non-financial decision factors” and to “examine the human influences that real estate consumers have on real estate demand” (Gibler and Nelson, 2003, p.63). This knowledge is important because it would facilitate the identification of a number of important dimensions which might be of concern to buyers. Homebuyers with such information would be more aware of their decision-making process and the influences that determine their choices. This information may also be instrumental in helping real estate marketers and agents better understand the factors motivating consumers’ home choice behaviour. This paper aims to identify the non-calculative, non-economic and less tangible motives that determine a particular home choice for buyers.

Methodology

The focus of this research is the consumer and their home-buying experience, concentrating specifically on their decision-making processes and the impact of their past and present, direct and indirect experiences on their choices. Therefore, a humanistic perspective was taken and a naturalistic inquiry was adopted.

This study used The Zaltman Metaphor Elicitation Method (or more popularly known as ZMET). ZMET is a hybrid qualitative research method that combines a series of other techniques including the projective test, photography, Kelly Repertory Grid, means end chain and laddering (Zaltman, 2003, Zaltman and Higie, 1993). ZMET was chosen because it is a commanding tool to surface relevant constructs in consumer decision-making. ZMET also fits the recent call for qualitative approaches in real estate research to allow for a closer observation and deeper understanding of the buying behaviour of home purchasers (Levy and Lee, 2006). A more comprehensive discussion of the strengths and weaknesses of ZMET for examining factors influencing consumers home choice is detailed in another paper (see Khoo-Lattimore et al., 2009).

Twelve homebuyers participated in this study. They were recruited from email invitation, print advertisement, a series of open homes, and references from a mortgage broker. The sample size, although small, is similar to past research employing ZMET which has generally included samples of eight to sixteen respondents (Christensen and Olson, 2002, Lee et al., 2003, Sease, 2005, Vorell et al., 2003). One of the criteria to be eligible for the study was a genuine commitment to purchasing a property, a criteria that all of the respondents met by placing an offer on a legal contract to purchase a home or by attending an auction. Most respondents were interviewed individually, however, two respondents were interviewed alongside their spouses.
The research was conducted in three stages. The first stage was an informal interview to ensure interested respondents met the criteria for the study. Stage two occurred once respondents had placed an offer on a house. During the second stage, respondents collected eight to twelve pictures and/or photographs to represent their reasons for their home choice. This stage was designed to provide respondents with a tool to elicit reasons for their home purchase that they may not otherwise have been consciously aware of. Photographs are deemed to be a powerful tool for projecting subjective emotion, especially when what participants value in a home may not be a tangible, physical attribute. Having homebuyers collect pictures that they defined as relevant was expected to yield meaningful insights and “increases the likelihood of uncovering important but previously unconsidered, customer issues” (Zaltman and Higie, 1993, p.10). Stage three followed after participants had submitted their photographs and pictures to the researcher. A semi-structured in-depth interview was conducted to ascertain the reasons behind their choice, constantly referring to and comparing it with their photographs. The method used in the interview in stage three follows that of ZMET (Zaltman, 1997), which focuses on exploring the participants’ thoughts and feelings about their home choice. This ten-step interview process, which lasted between sixty and ninety minutes, is presented in Appendix 1.

This study follows closely the data analysis procedure in ZMET. According to the analysis method drawn up by Zaltman, the researcher develops key constructs by capturing common ideas, themes, and concepts expressed by the participants of the study. The constructs represent important aspects of the participants’ mental maps such as core values, feelings, emotions, thoughts, ideas and themes. In this phase of the data analysis, the interviews were transcribed verbatim, read and reread. Audio files were listened to again and again until the researcher became highly familiar with the data before the coding began. The coding of data was done entirely by hand in order to allow the researcher to work with the data in the language of the homebuyers. Consistent with the method espoused by Zaltman, only key constructs mentioned by at least one third of the participants were considered for analysis. The interaction between significant constructs as given by respondents is assessed. The result is a consensus map that diagrammatically portrays the relationships among the elicited constructs.

**Findings and Discussion**

The main finding from this study was that the overriding motive for the respondents’ home choice was their emphatic connection with their past experiences. All twelve respondents linked their reasons for home choice to aspects of their past, whether it was to avoid an unpleasant event in former times from recurring or to relive the positive memories of bygone days. These memories of past personal experiences are referred to as autobiographical memories (Baumgartner et al., 1992). Others have broadly defined autobiographical memories as memory for information related to the self (Baumgartner et al., 1992, Brewer, 1986), personal memory (Brewer, 1996) and episodic memory (Tulving, 2002).

In this study, we found that the homebuyer’s reminiscences have direct impact on their home choice. For example, her past memory of living in a rented flat without appropriate space for entertaining has pushed Respondent 12 to choose and buy a property that will allow her to do just that. “One of the things I really wanted in a place was to have a big lounge and a dining area sort of open plan, so that I could have – when I have people over uhm it’s just a lot – a
lot better. Cos my current lounge, if I have three guests, it’s crowded you know so. What I really wanted was to be able to entertain and have people over for drinks or just, you know, whatever.”

Not being able to enjoy the company of family due to space restrictions in the past also motivated respondents to buy the home they did in the present. Respondent 1 noted, “I mean last Christmas my parents came and my little brother came and I had to stuff them into one bedroom because my flat mate thankfully was away. So I could – but you know it would be easier if I had two bedrooms, so my little brother doesn’t have to sleep with my parents… So yeah and you can have friends staying and you can have a spare room or an office and a spare room for people to stay…”

Some of the respondents purchased because they were impressed by the views from the properties. However, during the interview it soon became evident that the desire for views was largely based on past experiences. Respondent 1 commented, “it should be sunny and has a – have a view and those hills are quite important to me cos I grew up on a hill, so I’ve always had it.” Respondent 4 made a similar comment when she said, “I was brought up on a farm where I had a beautiful view through all my childhood we would – the kitchen table was right where this wonderful view of fields and hills and I think that I – I, for me particularly, I don’t want to settle for less than that, you know; I’m used to having a nice view.”

Autobiographical memories proved to be a large underlying motive for Respondent 5’s home choice. She in fact wanted the house so much that she paid an additional fifty thousand dollars for it (compared to her original budget). The reason why she did it is explained as follows, “so I said to my daughter: remember when you were a kid, you know like, you like play in the garden, you know, so it’d be nice if Angelina (her granddaughter) has the same thing, you know. So I’m not sure. It’s like…I don’t know the – the mind works probably with familiar things. You know it’s more associated with familiar or for the past or for whatever we’ve done in the past. So when we saw this house, we saw – yeah my – my daughter – I – I knew it straight away when we saw the backyard, I was like: oh like our villa (back in Jakarta), you know.” For each of the twelve respondents, the most frequently given explanation for their home choice was their recollection of other people, places, events and relationships but given the intangible and subjective nature of this motive, autobiographical memories had not been exposed as a motive for home choice until now.

An additional insight offered by this study is that consumers make choices based on emotions. This is evidenced when feelings associated with memories and nostalgia were a significant driving force behind consumer home choice. The emotions and feelings that emanate from their autobiographical memories were reasons strong enough to drive homebuyers to their purchases. Further support was found from nine of the respondents who said that they experienced the “This is it!” feeling, characterised by a clear, instructive idea that comes abruptly to mind. They reported the following: “when I saw that house the first time I just knew it’s – it’s – it’s a good house” (R7); “we were in there for like five minutes – that night we made an offer on it and that night we got it” (R8); “every other house that we sort of gone through doesn’t smile at us, like it’s not a real warm feeling” (R9) and “I feel so this is it…this is it, this is what I want” (R5). With the exception of the recent publication by Munro and Smith (2008) and Khoo and Ndubisi (2008), emotion and feelings have not been investigated in property studies until now.
The elicitation of this construct as a motive for consumer home choice suggests that choice is a culmination of homebuyers’ past experiences and the feelings that they associated with those experiences. One’s past experiences and memories are evoked by certain features or attributes within a property resulting in feelings of nostalgia and pleasure. Although it remains to be tested, these feelings induced by autobiographical memories seem to have activated the ‘buy button’ for the respondents in this study.

**Implications and Conclusion**

Despite extensive research in residential real estate across a range of disciplines including finance, economics, architecture, geography and even marketing, there is still limited knowledge about what motivates people to put their money down for one house over all other alternatives. This study set out with research questions intended to discover from actual homebuyers, the motive that drive them to their home choice. It aimed to avoid the assumptions that homes are bought based on rational economic calculations and lengthy decision-making processes. It stayed away from imposing the views of past studies and by doing so, this study has investigated the impact of hedonic factors on consumer home choice, and how these factors relate to the homebuyers themselves.

The present findings reveal the role of autobiographical memories as a type of emotion-charged factor that impacts significantly in a real life home purchase situation. This finding is of particular importance to real estate agents who often use consumers’ checklists to guide, refine, and limit the number of properties that they present to the consumer. This paper provided insights into the deep-seated reasons that underlie people’s home choices. In a personal selling context, real estate agents could expand on the homebuyer’s checklists by asking questions on the negative and positive aspects of their past dwellings, including properties that they have grown up in. Questions such as, “What is special about the house you’re living in now?” or “What are the nice things about the house you grew up in that you would like in your new house?” By using these types of questions, real estate agents will obtain useful information that will help in matching a property to a homebuyer’s hedonic needs, and will also prime emotional as opposed to analytical processing. Finally, the present findings revealed that consumers were influenced by their autobiographical memories to purchase outside of their price range hence suggesting that emotional responses may be as influential as other more tangible factors such as price in their decision-making process.
References


### Appendix 1: Core Steps in Implementing ZMET

<table>
<thead>
<tr>
<th>Step</th>
<th>Description</th>
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<tbody>
<tr>
<td>Step 1</td>
<td><strong>Storytelling.</strong> Participant describes the content of each picture they have taken or brought. The interviewer from refrain from interpreting pictures during interview.</td>
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<td>Step 2</td>
<td><strong>Missed Images.</strong> Participant describes the picture(s) that he/she was unable to obtain and explains their relevance. Missed pictures may have important relevance too.</td>
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<td>Step 3</td>
<td><strong>Sorting Task.</strong> Participant sorts pictures into meaningful groups and to provide a label or description for each pile. This helps to establish themes or constructs that are relevant to the participant.</td>
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<td>Step 4</td>
<td><strong>Construct Elicitation.</strong> A structured interview where basic constructs and their interconnections are elicited using images as stimuli. This involves a modified version of Kelly Repertory Grid technique and the laddering technique.</td>
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<td>Step 5</td>
<td><strong>The Most Representative Picture.</strong> Participant indicates which picture is most representative and gives reasons for the choice.</td>
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<td>Step 6</td>
<td><strong>Opposite Images.</strong> Descriptions are elicited of pictures that describe the opposite of the task.</td>
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<td>Step 7</td>
<td><strong>Sensory Images.</strong> Descriptions are elicited of what does and does not describe the concept in terms of colour, emotions, sound, smell, taste and touch. Sensory thoughts are images too and hence important to capture.</td>
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<td>Step 8</td>
<td><strong>Mental Map.</strong> Participant creates a map or causal model using the constructs that have been elicited.</td>
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<td>Step 9</td>
<td><strong>Summary Image.</strong> Participant creates a summary image or montage expressing the topic under study by using digital imaging.</td>
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<td>Step 10</td>
<td><strong>Consensus Map.</strong> Researcher creates a map or causal model involving the most important constructs from the interview transcripts.</td>
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*Adapted from: Zaltman 1997*